

BOARD-ADOPTED TFCA POLICIES AND EVALUATION CRITERIA FOR FY 2004/05

Policies may apply to one or more of the following funds/programs: Program Manager Funds, Regional Funds, Vehicle Incentive Program (VIP). The funds/programs that each policy applies to are indicated in parentheses following the policy. New or revised policy language (as adopted by the Air District Board of Directors in January 2004) is italicized. Please note that many policies have been renumbered since last year (FY 2003/04).

BASIC ELIGIBILITY

1. **TFCA Cost-Effectiveness:** The Air District Board will not approve any grant application for TFCA Regional Funds that has a TFCA funding effectiveness level equal to or greater than \$90,000 of TFCA funds per ton of total ROG, NO_x, and PM₁₀ reduced (\$/ton).

Annual expenditure plans for County Program Manager funds must achieve an aggregate TFCA cost-effectiveness of less than \$90,000 per ton. To calculate aggregate cost-effectiveness, total TFCA Program Manager funds allocated in the annual county expenditure plan are divided by the combined lifetime emissions reductions estimate for projects in the expenditure plan. Only funds allocated to projects for which cost-effectiveness worksheets are required, are included in the aggregate cost-effectiveness calculation. The following are excluded in the calculation of aggregate TFCA cost-effectiveness: TFCA Program Manager administrative costs, alternative fuel infrastructure projects, light-duty clean air vehicles with a GVW of 10,000 pounds or less, and TFCA Program Manager funds allocated for the regional ridesharing program. **(Regional Funds; Program Manager Funds)**

2. **Reduce Emissions:** Each project must result in a reduction of motor vehicle emissions. **(Regional Funds; Program Manager Funds; VIP)**
3. **Viable Project:** Each project application should identify sufficient resources to accomplish the project. Applications that are speculative in nature, or are contingent on the availability of unknown resources or funds, will not be considered for funding. **(Regional Funds; Program Manager Funds; VIP)**
4. **Responsible Public Agency:** TFCA funds may only be awarded to public agencies. These agencies must be responsible for the implementation of the project and have the authority and capability to complete the project. **(Regional Funds; Program Manager Funds; VIP)**

5. **Non-Public Entities:** A public agency may apply for TFCA funds for clean air vehicles on behalf of a non-public entity when one or more of the following conditions are met:

- a) the non-public entity will use the vehicle(s) to provide, under permit or contract, an essential public service that would otherwise be provided directly by the public agency (e.g., refuse collection, street-cleaning, school bus service, etc.); or
- b) the non-public entity will use the vehicle(s) to provide to the general public, under permit or contract, transportation demand management services (e.g., vanpools, shuttles to transit stations, door-to-door airport shuttles, taxi services, etc.) or services that provide members of the public with an opportunity to *use light-duty clean air vehicles eligible under Policy #29*, e.g., through station car projects, car rental services, or car-sharing programs.

As a condition of receiving TFCA funds on behalf of a non-public entity, the public agency must provide a written, binding agreement that commits the non-public entity to operate the clean air vehicle(s) within the Air District for the duration of the useful life of the vehicle(s). In those situations where multiple non-public entities are under contract or permit to provide the service described in a or b above, the public agency must provide a written policy which demonstrates that the vehicle incentive funds will be offered on an equitable basis to all of the non-public entities which are providing the service. **(Regional Funds; Program Manager Funds; VIP)**

6. **Consistent with Existing Plans and Programs:** All projects must conform to the types of projects listed in the California Health and Safety Code Section 44241 and the transportation control measures and mobile source measures included in the Air District's applicable Clean Air Plan (CAP) or the Bay Area 2001 Ozone Attainment Plan, and, when applicable, with the appropriate Congestion Management Program. **(Regional Funds; Program Manager Funds; VIP)**
7. **Matching Funds:** The Air District will not enter into a funding agreement for an approved project until all project funding has been approved and secured. For project applications requesting greater than \$100,000 in TFCA Regional Funds, project sponsors must provide matching funds from non-TFCA sources, which equal or exceed 20% of the total project cost. TFCA County Program Manager Funds do not count toward fulfilling the non-TFCA matching funds requirement. Project applications for TFCA Regional Funds of \$100,000 or less may request 100% TFCA funding. **(Regional Funds)**
8. **Authorizing Resolution:** Regional Fund grant applications must include a *signed* resolution from the governing board (e.g., City Council, Board of Supervisors, Board of Directors, etc.) or *University Chancellor* authorizing the submittal of the application and identifying the individual authorized to submit and carry out the project.

Applications submitted without an authorizing resolution will be returned to the sponsor and will not be scored if the adopted resolution is not received within 30 days of the application submittal deadline.

(Regional Funds)

9. **Minimum Score:** The Air District will not award funds to any project which achieves a score of less than 40 points (out of a possible 100 points) based upon the project evaluation and scoring criteria listed in Section II of the Regional Fund Guidance document. **(Regional Funds)**
10. **Minimum Amount:** Only projects requesting \$10,000 or more in TFCA Regional Funds will be considered for funding. **(Regional Funds)**
11. **Maximum Amount:** No single project or competitive funding application may receive more than \$1,000,000 in TFCA Regional Funds in any given fiscal year. This limitation does not include any Program Manager Funds the project sponsor may receive for the project. **(Regional Funds)**
12. **Readiness:** Projects will be considered for funding only if the project will commence in calendar year 2005 or sooner. For purposes of this policy, commence means to order or accept delivery of vehicles or other equipment being purchased as part of the project, to begin delivery of the service or product provided by the project, or to award a construction contract. **(Regional Funds; Program Manager Funds)**
13. **Maximum One Year Operating Costs:** For projects which request operating funds to provide a service, such as ridesharing programs and shuttle and feeder bus projects, the Air District will provide funding on an annual basis: i.e., the Air District will approve funding for one annual budget cycle. Applicants who seek TFCA Regional Funds for additional years must re-apply for funding in the next funding cycle. **(Regional Funds)**
14. **Project Revisions:** If project revisions become necessary, after the project funding agreement is signed, the revised project must be within the same eligible project category and receive a point score higher than the funding cut-off point based upon the scoring criteria for the year in which the project was originally approved. Project revisions initiated by the sponsor, which significantly change the project before the allocation of funds by the Air District Board of Directors will not be accepted. **(Regional Funds)**

APPLICANT IN GOOD STANDING

15. **Monitoring and Reporting:** Project sponsors who have failed to fulfill monitoring and reporting requirements for any previously funded TFCA Regional Fund project will not be considered for new funding for the current funding cycle, and until such time as the unfulfilled obligations are met. **(Regional Funds)**

- 16. Failed Audit:** Project sponsors who have failed either the fiscal audit or the performance audit for a prior TFCA project *may*, at the discretion of the Air Pollution Control Officer (APCO), be *excluded from* future funding. *Existing funds already* awarded to the agency will not be released until all audit recommendations and remedies have been implemented.

A failed fiscal audit means an uncorrected audit finding that confirms an ineligible expenditure of TFCA funds. A failed performance audit means that the project was not implemented as set forth in the project funding agreement. (Regional Funds; Program Manager Funds)

- 17. Signed Funding Agreement:** Project applicants will have to sign a Funding Agreement within three (3) months after it has been transmitted to them by the APCO in order to remain eligible for the granted TFCA funds. The APCO may grant a one-time extension of *thirty (30) days* to the applicant for just cause. Project applications will not be considered from project sponsors who were awarded TFCA funds in a previous year and have not signed a Funding Agreement with the Air District by the current application deadline. **(Regional Funds)**
- 18. Implementation:** Project sponsors that have a signed Funding Agreement for a prior TFCA project, but have not yet implemented that project by the current application deadline, will not be considered for funding for any new project. The phrase "implemented that project" means that the project has moved beyond initial planning stages and the project is being implemented consistent with the implementation schedule specified in the project funding agreement. **(Regional Funds)**

INELIGIBLE PROJECTS

- 19. Duplication:** Applications for projects which duplicate existing projects, regardless of funding source, will not be considered for funding. Combining Program Manager Funds with TFCA Regional Funds for a single project is not project duplication. *Applications requesting TFCA funding for project costs with duplicate funding sources will not be considered for funding. (Regional Funds; Program Manager Funds; VIP)*
- 20. Employee Subsidy:** Projects that provide a direct or indirect financial transit or rideshare subsidy exclusively to employees of the project sponsor will not be considered for funding. For projects that provide such subsidies, the direct or indirect financial transit or rideshare subsidy must be available, in addition to the employees of the project sponsor, to employees other than those of the project sponsor. **(Regional Funds; Program Manager Funds)**

USE OF TFCA FUNDS

21. **Combined Funds:** TFCA County Program Manager Funds may be combined with TFCA Regional Funds for the funding of an eligible project. For purposes of calculating TFCA funding effectiveness for TFCA Regional Funds (Evaluation Criterion #1), the 40% County Program Manager Funds will be included in the calculation of the TFCA cost of the project. TFCA Regional Funds will not be included in calculating the aggregate cost-effectiveness of each County Program Manager annual TFCA expenditure plan. **(Regional Funds; Program Manager Funds)**
22. **Cost of Developing Proposals:** The costs of developing proposals for TFCA funding are not eligible to be reimbursed with TFCA funds. **(Regional Funds; Program Manager Funds; VIP)**
23. **Administrative Costs:** Administrative costs are limited to a maximum of five (5) percent of total TFCA funds expended on a project. Please see the Appendix *TFCA Administrative Costs* of this document for Air District policy defining allowable administrative costs. **(Regional Funds; Program Manager Funds)**
24. **Expend Funds within Two Years:** Any public agency or entity receiving Regional Funds must expend the funds within two years of the effective date of the Funding Agreement, unless a longer period is approved in advance by the Air District. In the case of the Program Manager funds, the funds must be expended within two years of receipt of the first transfer of funds from the Air District to the Program Manager in the applicable fiscal year, unless a longer period is approved in advance by the Program Manager. **(Regional Funds; Program Manager Funds)**
25. **Returned Funds:** TFCA returned funds accrue to the TFCA Regional Fund and will be allocated to new TFCA Regional Fund projects during the next funding cycle. TFCA returned funds consist of a) TFCA Regional Funds allocated to projects that are completed under budget, cancelled, or awarded an amount less than the Board approved allocation; b) any unallocated TFCA Regional Funds from the prior year funding cycle; or c) TFCA County Program Manager funds that are returned to the Air District. **(Regional Funds)**

CLEAN AIR VEHICLE (CAV) PROJECTS

26. **Clean Air Vehicle Infrastructure:** The TFCA Regional Fund will fund the clean air vehicle infrastructure development associated only with electric vehicle projects and only under the following conditions: a) the maximum level of funding is limited to the amount necessary to satisfy the recharging demand created by the project; and b) after satisfying the project needs, the recharging infrastructure must be accessible, to the extent feasible, to other public agencies, private fleets, and the general public.

The TFCA Program Manager Funds may be used for both electric recharging and natural gas fueling infrastructure. The electric recharging and natural gas fueling infrastructure must be accessible, to the extent feasible, to other public agencies, private fleets, and the general public. **(Regional Funds; Program Manager Funds)**

- 27. Clean Air Vehicle Weights:** For TFCA purposes, light-duty vehicles are those 10,000 pounds gross vehicle weight (GVW) or lighter. Heavy-duty vehicles are those 10,001 pounds GVW or heavier. **(Regional Funds; Program Manager Funds; VIP)**

- 28. Light-Duty CAV Eligibility:** All light-duty chassis-certified vehicles certified by the California Air Resources Board (CARB) as meeting established super ultra low emission vehicle (SULEV), partial zero emission vehicle (PZEV), advanced technology-partial zero emission vehicle (AT-PZEV), or zero emission vehicle (ZEV) standards are eligible for TFCA funding. Gasoline and diesel vehicles are not eligible for TFCA funding. Hybrid-electric vehicles that meet the SULEV, PZEV, AT-PZEV, or ZEV standards are eligible for TFCA funding. **(Program Manager Funds; VIP)**

- 29. Light-Duty CAV Funding Participation:** For light-duty clean air vehicle projects for passenger cars, pick-up trucks, and vans, project sponsors may receive no more than the following funding incentive amounts:

Emission Rating	Vehicle Type	Incentive Amount
SULEV	Hybrid electric	\$2,000
SULEV	Natural gas / propane	\$4,000
ZEV	Highway battery electric	\$5,000
ZEV	City battery electric	\$3,000
ZEV	Neighborhood battery electric	\$1,000
ZEV	3-wheel battery electric	\$1,000

These incentive amounts above will be pro-rated for leased vehicles in those cases where the vehicle is available for purchase.

The incentive amounts for partial zero emission vehicles (PZEV) and advanced technology-partial zero emission vehicles (AT-PZEV) are the same as for SULEV-rated vehicles. **(Program Manager Funds; VIP)**

- 30. New Heavy-Duty CAV Eligibility:** To be eligible for TFCA funding, the engines of all new heavy-duty vehicles must be certified to CARB's optional reduced-emission NO_x plus non-methane hydrocarbon (NMHC) standard for 2004 (1.8 g/bhp-hr), or lower.

New vehicles that are bi-fuel, or that otherwise have the ability to operate on gasoline or diesel as their primary fuel are not eligible for

funding (for purchase or lease) as TFCA clean air vehicle projects.

(Regional Funds; Program Manager Funds)

- 31. Heavy-Duty CAV Funding Participation:** For *heavy-duty* clean air vehicle projects, project sponsors may receive no more than the incremental cost of the cleaner vehicle. Incremental cost is the difference in the purchase prices of the clean air vehicle and its diesel or gasoline counterpart. However, public transit agencies, which have elected to pursue the “alternative fuel” path under CARB’s urban transit bus regulation, may continue to apply for up to \$150,000 per alternatively fueled transit bus (30 ft. or bigger). **(Regional Funds; Program Manager Funds)**

- 32. Heavy-Duty Vehicle Replacement:** *Sponsors of heavy-duty vehicles* purchased with TFCA funds must either:

- a) replace an existing similar or equivalent vehicle within the applicable vehicle fleet, or *acquire and scrap an equivalent vehicle from another fleet within the Bay Area*. The vehicle being replaced must be removed from service and destroyed (i.e., destruction of the engine block and frame/chassis), or
- b) add a diesel *emission control strategy* to an existing similar or equivalent vehicle within the applicable vehicle fleet or within the fleet of the project sponsor. The *control strategy* must be certified or verified by CARB to reduce emissions and be approved by CARB for use with the relevant engine. This option requires the use of ultra-low-sulfur diesel.

Applicants may request TFCA funds, pursuant to guidelines developed by Air District staff, to offset the cost of complying with this policy. If the applicant requests TFCA funds to cover these costs, the funds will be included in calculating the TFCA cost-effectiveness of the project application. **(Regional Funds; Program Manager Funds)**

- 33. Reducing Emissions from Existing Heavy-Duty Diesel Engines:**

Options available to reduce emissions from existing heavy-duty diesel engines include:

- a) Repowers – To be eligible for TFCA funding, the new engines selected to repower an existing heavy-duty vehicle must be certified to CARB’s optional reduced-emission NO_x plus non-methane hydrocarbon (NMHC) standard for 2004 (*1.8 g/bhp-hr*) or lower.
- b) *Diesel Emission Control Strategies* – *Diesel emission control strategies* compatible with existing heavy-duty diesel engines are eligible for TFCA funding, subject to the conditions described below:
 - 1) All *control strategies* must be certified or verified by CARB to reduce emissions and be approved by CARB for use with the relevant engine.
 - 2) The use of ultra-low sulfur diesel (15 ppm sulfur, or less) is required in conjunction with all *control strategies*.

- 3) TFCA will fund, at most, the incremental cost (over what is standard or required by regulation) of the *control strategy*.
 - 4) *Diesel emission control strategies* must meet the CARB standard of no more than 20% NO₂ slip, *when the standard is put into effect and strategies are available that meet it*.
- c) *Clean Fuels or Additives* – *Clean fuels or additives compatible with existing heavy-duty engines are eligible for TFCA funding, subject to the conditions described below:*
- 1) *All clean fuels or additives must be certified or verified by CARB to reduce emissions and be approved by CARB for use with the relevant engine.*
 - 2) *Ultra-low-sulfur diesel is not eligible for funding.*
 - 3) *TFCA will fund, at most, the incremental cost (over what is standard or required by regulation) of the clean fuel or additive.*

For the Regional Fund, the sum of all projects funded under Policy #33 in a fiscal year shall not exceed 20% of the Regional Funds available for that fiscal year. For the Program Manager Fund, the sum of each individual County's projects funded under Policy #33 in a fiscal year shall not exceed 20% of the County's Program Manager Funds for that fiscal year. **(Regional Funds; Program Manager Funds)**

- 34. Bus Replacements:** For purposes of transit and school bus replacement projects, a bus is any vehicle designed, used, or maintained for carrying more than 15 persons including the driver. A vehicle designed, used, or maintained for carrying more than 10 persons, including the driver, which is used to transport persons for compensation or profit, or is used by any nonprofit organization or group, is also a bus. A vanpool vehicle is not a bus. **(Regional Funds; Program Manager Funds)**

SHUTTLE/FEEDER BUS SERVICE PROJECTS

- 35. Shuttle/Feeder Bus Service:** *Shuttle/feeder bus service projects are those requesting funds to operate a shuttle or feeder bus route. The route must go to or from a rail station, airport, or ferry terminal, and the project must:*
- a) be submitted by a public transit agency; or
 - b) be accompanied by documentation from the General Manager of the transit agency that provides service in the area of the proposed shuttle route, which demonstrates that the proposed shuttle service does not duplicate or conflict with existing transit agency revenue service.

All shuttle/feeder bus service to rail or ferry stations must be timed to meet the rail or ferry lines being served.

Independent (non-transit agency) shuttle/feeder bus projects that received TFCA funding prior to FY 2002/03 and obtained a letter of support from all potentially affected transit agencies need not comply with “b” above unless funding is requested for a new or modified shuttle/feeder bus route.

All vehicles used in any shuttle/feeder bus service must meet the applicable California Air Resources Board (CARB) particulate matter (PM) standards for public transit fleets. For the purposes of TFCA funding, shuttle projects comply with these standards by using one of the following types of shuttle/feeder bus vehicles:

- a) an alternate fuel vehicle (CNG, LNG, propane, electric);
- b) a hybrid-electric vehicle;
- c) a post-1994 diesel vehicle and a *diesel emission control strategy certified or verified by CARB to reduce emissions and approved by CARB for use with the relevant engine* (this option requires the use of ultra-low-sulfur diesel); or
- d) a post-1989 gasoline-fueled vehicle.

No other types of vehicles, except for those listed in a through d above, are eligible for funding as shuttle/feeder bus service projects.

(Regional Funds; Program Manager Funds)

BICYCLE PROJECTS

- 36. Bicycle Projects:** Bicycle facility improvement projects that are included in an adopted countywide bicycle plan or Congestion Management Program (CMP) are eligible to receive TFCA funds. For purposes of this policy, if there is no adopted countywide bicycle plan, the project must be in the county’s CMP, or the responsible Congestion Management Agency must provide written intent to include the project in the next update of the CMP. Eligible bicycle projects are limited to the following types of bicycle improvement facilities *for public use*: a) Class 1 bicycle paths; b) Class 2 bicycle lanes (or widening of outside lanes to accommodate bicycles); c) Class 3 bicycle routes; d) bicycle racks, including bicycle racks on transit buses, trains, shuttle vehicles, and ferry vessels; e) bicycle lockers; f) attended bicycle storage facilities; and g) development of a region-wide web-based bicycle trip planning system. All bicycle facility improvement projects must, where applicable, be consistent with design standards published in Chapter 1000 of the California Highway Design Manual. **(Regional Funds; Program Manager Funds)**

ARTERIAL MANAGEMENT PROJECTS

- 37. Arterial Management:** *Arterial management projects* must specifically identify a given arterial segment and define what improvement(s) will be made to affect traffic flow on the identified arterial segment. Projects that provide routine maintenance (e.g.,

responding to citizen complaints about malfunctioning signal equipment) are not eligible to receive TFCA funding. *Incident management projects are not eligible to receive TFCA funding.*

Transit improvement projects are limited to transit bus priority and bus stop relocation projects.

For signal timing projects, TFCA funds may only be used for arterial management projects where the affected arterial has an average daily traffic volume of 20,000 or more, or an average peak hour traffic volume of 2,000 or more. (Regional Funds; Program Manager Funds)

SMART GROWTH PROJECTS

- 38. Smart Growth/Traffic Calming:** Physical improvements that support development *projects and/or calm traffic, resulting in the achievement of* motor vehicle emission reductions, are eligible for TFCA funds subject to the following conditions: a) the development project and the physical improvements must be identified in an approved area-specific plan, redevelopment plan, general plan, bicycle plan, pedestrian plan, traffic-calming plan, or other similar plan; and b) the project must implement one or more transportation control measures (TCMs) in the applicable Bay Area Clean Air Plan or Bay Area 2001 Ozone Attainment Plan. Projects that implement TCM 19 (pedestrian improvements) or TCM 20 (traffic calming) are encouraged. Projects that would implement other TCMs will also be considered for funding. **(Regional Funds; Program Manager Funds)**